



1 of 1 DOCUMENT

Copyright 2009 Gannett Company, Inc.  
All Rights Reserved  
USA TODAY

January 19, 2009 Monday  
FINAL EDITION

**SECTION:** MONEY; Pg. 5B

**LENGTH:** 480 words

**HEADLINE:** Circuit City's death traced back to layoffs

**BYLINE:** Jayne O'Donnell

**BODY:**

Circuit City's plans to close its 567 stores will not likely mean higher prices or fewer electronics choices for shoppers at other stores, but the retailer's gift card holders will need to use them quickly.

All gift cards will be redeemed at full value as long as stores are open and inventory remains. But that will be by the end of March at the latest. Circuitcity.com shut down over the weekend, limiting options further.

As the second-largest electronics retailer after Best Buy, Circuit City was once well-positioned. But most experts point to the chain's 2007 layoff of thousands of its highest-paid -- and most experienced -- sales clerks as the start of its rapid descent. Many went to Best Buy, which consistently ranked higher in customer service scores in recent years.

"Circuit City miscalculated when they decided that price was the ultimate factor in customers' choice of electronics retailers," says Robert Richardson, president of Associates Interactive, which specializes in retail training programs. "As a result, they suffered immensely ... and ultimately became vulnerable to multiple category retailers and wholesale clubs with better prices, as well as competitors that offered better-trained associates."

Contributing to Circuit City's steep sales declines were decisions by Wal-Mart and Target over the past few years to emphasize electronics sales. In addition, various retailers from RadioShack to CVS to newegg.com became at least partial competitors.

The growth of online electronics retail, along with websites devoted to helping consumers find deals, made it even more difficult for Circuit City to compete. Finding a good price and brand of digital camera or HDTV has never been easier.

Shopping expert Christine Frietchen says Circuit City's prices were "never the absolute lowest," but its demise leaves voids. She says its huge displays of TVs far surpass the discounters and most competitors. And the loss of its online user reviews, which were unedited and included products that many sites and publications ignored, "is really a shame."

"Despite growing comfort levels with online shopping for electronics, most people still want to physically see big-ticket items in person before buying them," says Frietchen, editor in chief of ConsumerSearch.com, which analyzes professional reviews and user ratings to identify top-rated products. Some excess Circuit City inventory is expected to wind up on online auction sites. Overstock.com, for example, typically works with the liquidation services of struggling retailers to sell inventory.

Circuit City's death traced back to layoffs USA TODAY January 19, 2009 Monday

"When the dot-com bust hit (in the early 2000s), this company rose from stranded inventory (of failed companies)," says Mark Griffin, Overstock's general counsel.

He foresees a number of deals with services like Overstock in the coming weeks, though it doesn't have a pact with Circuit City.

Contributing: Jon Swartz

**LOAD-DATE:** January 19, 2009